(c) IFCI is a company registered under the Companies Act, 1956, Government has no shareholding in IFCI Ltd. The affairs of IFCI Ltd. are managed by the Board of Directors and it is for them to take necessary steps.

(d) and (e) Government have no shareholding in IFCI.

Abolition of Central Sales Tax

2941. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) whether the State Government benefit from the imposition of Central Sales Tax (CST);

(b) if so, the details thereof;

(c) whether it is proposed to abolish the CST;

(d) if so, the estimated revenue loss to each State by abolition of CST and how it is to be compensated;

(e) whether the State Governments are demanding to bring taxation of services under the States purview to compensate for revenue losses that will arise from the abolition of CST;

(f) if so, the details thereof; and

(g) Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) As per provisions of the Constitution of India, the Central Sales Tax (CST) is levied by the Central Government by vitue for Entry 92A of the Union List, but the same is assigned to the States within which the tax is leviable, as per provisions of Article 269 of the Constitution of India. Thus, the State Governments benefit from the CST.

(c) to (g) The Central Sales Tax, being an origin-based tax, is inconsistent with the concept of VAT and need to be phased out. The abolition of CST will result in revenue loss to the States. At his stage, it is not feasible to estimate revenue loss to each State due to abolition of CST. However, as per provisional figures furnished by the States, total

CST collection during 2004-05 was around Rs. 15,100 crores. The Empowered Committee of State Finance Ministers (EC) is presently deliberating upon the issue of phasing out of the CST and is expected to make a recommendation to the Central Government. The EC is deliberating upon the various options for compensating the revenue loss on account of phasing out of CST including giving the States larger share/powers in respect of taxation of services. Once the EC finalise its recommendations, the Central Government will take a view in this matter.

Ban on charitable trusts from External Commercial Borrowings

2942. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether charitable trusts are banned out of External Commercial Borrowings;

(b) if so, the reasons therefore;

(c) whether Government are aware that with this charitable trusts especially in health care sector would be put to difficulties; and

(d) if so, the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) Under the External Commercial Borrowings (ECB) policy, Charitable Trusts are not eligible to raise ECB. However, a Charitable Trust if it is a Non-Government Organization and is engaged in micro-finance activities, is eligible to access ECB subject to guidelines issued by Reserve Bank of India.

Setting up of Institute of Insurance Surveyors

2943. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether Insurance Regulatory Development Authority has set up an Institute of Insurance Surveyors; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.